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SUBJECT: GREECE: PROGRESS ON ANTI-MONEY LAUNDERING AND  
UNSCR 1803

REF: STATE 21770

11. (SBU) In a meeting on March 18, Bank of Greece (BoG) officials updated the Economic Counselor and the acting Deputy Economic Counselor on the BoG,s actions to date in implementing recommendations made in the 2007 Financial Action Task Force (FATF) report. These actions include the restructuring of BoG money-laundering staff in order to improve money-laundering surveillance and legal changes that will improve the BoG,s ability to move more quickly against suspicious activities. EconCouns and DepCouns took the opportunity to raise reftel points on UNSCR 1803 with BoG officials. End Summary.

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BoG Progress in Meeting FATF Recommendations  
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12. (SBU) Panagiotis Kyriakopoulos, BoG,s Director of Monetary Policy of Banks, and Ioannis Gousios, Head of Analysis and Supervisory Assessment of the Bank of Greece described a restructuring within the BoG that they feel will improve the BoG,s ability to detect andtore and a higher quality of personnel will help improve the BoG,s implementation of money-laundering regulations and guidelines, as well as its ability to conduct surveillance. Taking issue with claims in the FATF and the INSCR reports that the GoG,s sanctions against negligent bankers are insufficient, Kyriakopoulos stressed that the creation of a core expertise within the BoG is more important to fighting money-laundering than the application of sanctions. (Note: According to the INSCR report, some believe that the GoG,s fines against individual banks that breach their obligation to report instances of suspected money laundering are not sufficiently prohibitive. Currently, these fines range from 5,000 to 10,000 euros. End Note).

13. (SBU) Kyriakopoulos went on to describe several legal and regulatory changes the BoG is in the process of implementing in order to address recommendations in the FATF report. These changes include a legal amendment that will abolish the current 30-day waiting period that must be observed before accounts with suspicious activities may be closed. The change will allow for the immediate closure of such accounts. Another amendment will allow for the sharing by banks of data on the identity of customers. In addition, Kyriakopoulos explained, the BoG is close to finalizing changes in its surveillance guidelines that will focus a part of the overall bank surveillance rating ascribed by the BoG on each bank,s anti money-laundering controls. According to Kyriakopoulos, this change is important because it recognizes that a bank,s controls against money laundering are an important aspect of each bank,s reputation and asset risk that must be factored into a bank,s overall credit rating. Those banks that have low scores will be made publicly known,

as a further preventative measure. To help improve credit controls against money laundering in Greek banks, the BoG has coordinated two seminars on money laundering issues for all compliance officers at Greek banks. Finally, Kyriakopoulos indicated that the new law implementing the EU,s Third Money Laundering Directive will be passed in June.

14. (SBU) Kyriakopoulos relayed that the BoG has executed an MOU with seven countries in the region, including Cyprus, Bulgaria, and Albania. Under this MOU, the BoG and other banks will conduct joint evaluations of partner banks in host-countries. The first such joint evaluations will occur of Greek banks in Cyprus and Cypriot banks in Greece. Kyriakopoulos indicated that the BoG has much to learn from Cypress and how they have successfully battled money-laundering.

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BoG Action Concerning Reftel  
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15. (SBU) Kyriakopoulos stated that the BoG has passed the reftel points on to local banks, which are responsible for utilizing the information properly. Kyriakopoulos expressed BoG,s desire to continue to work with post on these and like issues.  
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